

WASHINGTON, DC - This afternoon, following passage of statutory pay-as-you-go legislation (H.R. 2920, PAYGO), Congressman Mike Quigley (D-IL) applauded President Obama, House leadership, and the fiscally-conservative Blue Dog coalition for their commitment to fiscal sanity. President Obama recently called upon Congress to pass this bill in order to help balance short-term deficit spending for economic recovery with equal savings or offsets that will restore fiscal discipline in the long-term.

"Simply put, government should operate like any household does every day - sensibly," said Cong. Quigley. "You live within your means, you pay for what you buy, and you plan for the future. You wouldn't plan an addition onto your home until you paid your child's tuition bill."

PAYGO would require Congress to pay for new spending, such as health care programs, by raising taxes or coming up with budget cuts to offset the expense. This "pay-as-you-go" system would only allow lawmakers to, as the President has stated, "spend a dollar if it saves a dollar elsewhere."

"This is only one common-sense step to restoring fiscal responsibility and decreasing the record deficit we inherited. We have more critical work to do to get us out of this hole, but in the meantime, we shouldn't be deepening it," added Cong. Quigley. "Like the hard-working families in the 5th District, government needs to tighten its belt, control spending, and stop putting Americans' futures on credit. It's high time to put our fiscal house back in order and I applaud the President, House leadership, and the Blue Dogs on their commitment to this step in the right direction."

PAYGO would also require that all new policies reducing revenues or expanding entitlement spending enacted during a session of Congress be offset over five and ten years. It would also force a serious examination of wasteful subsidies in the budget and tax loopholes that can be eliminated to offset more worthwhile programs.

Because several policies from past Congresses will continue without the need for new approval, for certain emergency spending measures such as Medicare physician payments, the Alternative Minimum Tax, and the current estate tax rates, PAYGO will be waived. Aside from such exemptions, PAYGO calls for automatic cuts to existing programs if funding offsets for new spending or tax reductions are not identified.

During the Clinton Administration in 1990s, statutory PAYGO helped turn deficits into record surpluses. While PAYGO expired in 2002, Democrats restored the bill into House Rules in 2007, though were unable to give the policy the force of law under the previous Administration.

H.R 2920 passed the House this afternoon on a vote of 265-166. It now moves to the Senate for consideration.